
A BILL FOR AN ACT

RELATING TO STATE ACQUISITION OR DEVELOPMENT OF REAL PROPERTY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that a significant
2 portion of the State's public employee work force is
3 concentrated in downtown Honolulu. Because of increasing
4 workloads or customer bases, many state agencies and offices are
5 outgrowing existing office space and aging infrastructure. The
6 problem is current and only growing. As recently as December
7 2014, the State was leasing approximately 420,888 square feet of
8 office space in downtown Honolulu. The State currently expends
9 approximately \$10,150,000 to rent office space. Thus there is
10 already a pressing need for the State to identify and acquire or
11 develop additional office space in urban Honolulu to accommodate
12 state governmental agencies and offices so they can properly
13 serve the public and to help the State reduce its expenses.

14 The legislature further finds that the building known as
15 Alii Place, located on the parcel of land identified as TMK (1)
16 2-1-017-008 and situated within Honolulu's central business
17 district facing Hotel Street between Alakea and Richards Streets
18 across from Iolani Palace is centrally located to the Capitol



1 and other state office buildings. Alii Place is a Class "A"
2 office tower and contains a net rentable area of approximately
3 337,370 square feet of space, approximately 114,663 square feet
4 of which is currently available to accommodate state agencies
5 and offices that are currently renting space in various private
6 commercial buildings.

7 The legislature further finds that acquiring and developing
8 Alii Place for state offices will benefit the State and the
9 public by centralizing the location of state services and
10 ultimately reducing the cost of providing office space for state
11 agencies and offices. The purchase price of Alii Place will be
12 subject to an appraisal by the State and subsequent
13 negotiations. Preliminary discussions indicate that the current
14 owners are seeking approximately \$90,000,000 for the leasehold
15 sale of Alii Place.

16 The purpose of this Act is to appropriate funds to plan for
17 and acquire or develop the leasehold interest in TMK (1) 2-1-
18 017-008, acquire the building thereon, and pay the first two
19 years of debt service if and when the acquisition is
20 accomplished.



1 SECTION 2. The department of land and natural resources
2 shall engage to acquire the leasehold interest in the land
3 identified as TMK (1) 2-1-017-008 and to acquire the building
4 thereon, to be financed by certificates of participation.

5 SECTION 3. If the leasehold and the building are acquired
6 by the department of land and natural resources, the department
7 of accounting and general services shall manage the property in
8 accordance with section 26-6(b)(6), Hawaii Revised Statutes.

9 SECTION 4. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$500,000 or so much
11 thereof as may be necessary for fiscal year 2015-2016 and the
12 same sum or so much thereof as may be necessary for fiscal year
13 2016-2017 to pay the costs of the State's due diligence,
14 appraisal, closing costs, consultant services, legal services,
15 and other costs incurred by the department of land and natural
16 resources in connection with the transaction to acquire the
17 leasehold interest in the land identified as TMK (1) 2-1-017-008
18 and to acquire the building thereon.

19 The sums appropriated shall be expended by the department
20 of land and natural resources for the purposes of this Act.



1 SECTION 5. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$3,750,000 or so much
3 thereof as may be necessary for fiscal year 2015-2016 and the
4 sum of \$7,500,000 or so much thereof as may be necessary for
5 fiscal year 2016-2017 to pay debt service on certificates of
6 participation issued to obtain the leasehold interest in TMK (1)
7 2-1-017-008 and acquire the building thereon.

8 The sums appropriated shall be expended by the department
9 of accounting and general services for the purposes of this Act.

10 SECTION 6. This Act shall take effect on July 1, 2015.



Report Title:

State Acquisition; Real Property; Appropriation

Description:

Authorizes and appropriates funds for the State's acquisition of the leasehold interest in the land and the acquisition of the building at Alii Place in downtown Honolulu for the purpose of housing state agencies and offices. (HB1366 SD2 PROPOSED)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

